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FM AMEMBASSY BRIDGETOWN  
TO RUEHC/SECSTATE WASHDC PRIORITY 6100  
INFO RUCNCOM/EC CARICOM COLLECTIVE PRIORITY  
RUEHFR/AMEMBASSY PARIS PRIORITY 0444  
RUEHCV/AMEMBASSY CARACAS PRIORITY 1872  
RUEHDG/AMEMBASSY SANTO DOMINGO PRIORITY 5897  
RUMIAAA/HQ USSOUTHCOM J2 MIAMI FL PRIORITY  
RUMIAAA/HQ USSOUTHCOM J5 MIAMI FL PRIORITY  
RUEHCV/USDAO CARACAS VE PRIORITY  
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY  
RHEBAA/DEPT OF ENERGY WASHDC PRIORITY

UNCLAS SECTION 01 OF 02 BRIDGETOWN 000104

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SOUTHCOM ALSO FOR POLAD  
DEPT PLEASE PASS USTDA-ESTEBAN  
SANTO DOMINGO FOR FCS-PORTORREAL

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TAGS: [ENRG](#) [EINV](#) [PREL](#) [XL](#)

SUBJECT: THE NATURE ISLE DEVELOPING GREEN ENERGY

11. (SBU) SUMMARY AND ACTION REQUEST: Dominica is poised to develop its geothermal and other renewable energy sectors. If successful, geothermal energy could supply all of Dominica's energy needs, as well as export considerable energy to the neighboring French islands of Martinique and Guadeloupe. Seeing this potential, France is the first off the blocks in considering investing in this potential. By analyzing the sector and its potential for U.S. investors, while ensuring that Dominica implements a transparent tendering process, geothermal energy could present an attractive target for U.S. investors. Similarly, a USTDA-funded feasibility study on potential wind farms could help Dominica further develop the renewables sector and create openings for US energy firms or equipment suppliers; we would appreciate inputs from USTDA in this regard. END SUMMARY AND ACTION REQUEST.

12. (U) Dominica has prioritized developing ecotourism as a major component of its economy, marketing itself as the "Nature Isle." However, one of its greatest roadblocks in developing the tourism sector is the high cost of electricity. Currently, at ECD 1.38 (USD 0.53) per kilowatt hour, Dominica suffers from the highest electric cost in the Eastern Caribbean. Dominica produces 75 percent of this expensive electricity through petroleum fueled plants and 25 percent through hydroelectricity. Prior to Hurricane Dean, Dominica operated two hydro-generators, supplying 40 percent of Dominica's demand of 13 megawatts. However, Dean destroyed one of those generators.

13. (U) Dominica is currently showing great potential in renewable resources, primarily geothermal energy, with wind energy and hydroelectricity bringing up the rear. With successful implementation, the Nature Isle could boast supplying 100 percent of its energy needs from locally-available renewable energy, with enough extra to export to the neighboring French islands of Guadeloupe and Martinique. Recent talk about the possibility of a Venezuelan-built oil refinery on the island, meanwhile, has so far not led anywhere, as opposition throughout civil society sectors has caused the PM to shelve the project for the time being. At the same time, Venezuelan-built petroleum storage tanks have come on-line, and are supplying fuel to the country's generating plants.

GEO THERMAL

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¶4. (U) The Organization of American States did the first major study of Dominica's geothermal potential, finding specific areas on the island most likely capable of producing sustainable electricity. Estimates of the sustainable potential range from 70 to 100 megawatts, allowing up to 20 megawatts for domestic consumption (currently at 13mw) and the rest for export to Martinique and Guadeloupe via undersea transmission cable.

¶5. (U) Until recently, no investors had been willing to take the risk to explore these areas further. After the 7.4 earthquake off Martinique in November 2007 disrupted the island's power grid, the French have reportedly shown significant interest in investing in Dominica's geothermal potential. As a start, the European Union, as part of its energy development project in the Caribbean, has agreed to finance a feasibility study into this new sector. The French Development Agency (ADF) will run this program.

¶6. (SBU) PolOffs emphasized to the GOCD the importance of ensuring that the results of this study lead to an open tendering process for bids on developing this sector. GOCD representatives expressed their understanding that the EU requires that results from its studies be marketed through a transparent tendering process.

#### WIND ENERGY

¶7. (U) Certain areas of the island also show potential for a successful wind farm. The Waitukubuli Ecological Foundation, the leading environmental NGO in Dominica, believes that an

BRIDGETOWN 00000104 002 OF 002

appropriately placed wind farm could net approximately half of Dominica's energy needs. To test this theory, WEF developed a USD 130,000 proposal to install a single turbine to adequately measure the potential. If successful, WEF has estimated that a farm of eight turbines could generate up to 7 megawatts. WEF is currently soliciting for a donor to conduct a feasibility study for this project. An Energy Ministry representative stated that, although Dominica might have wind energy potential, it is likely marginal (2-3mw), and geothermal is the current priority. Once geothermal is up and running, then the ministry might consider exploring wind energy options.

#### HYDROELECTRICITY

¶8. (U) Both the Energy Ministry and Dominica's sole electricity company, DOMLEC, see hydroelectricity as a backup system. Although rivers are plentiful in Dominica, DOMLEC claims that the water levels are dropping, negatively impacting their producing capacity. Regardless, both parties would like to keep hydroelectricity active as a backup system. Two hydro plants previously supplied 40 percent of Dominica's energy needs. However, Hurricane Dean caused, inter alia, massive mudslides that essentially destroyed one of the plants, leaving only 25 percent generating capacity. The government is (somewhat wistfully) looking for donor assistance to rebuild the plant and restore the generating capacity.

#### COMMENT/ACTION REQUEST-GOOD INVESTMENT OPPORTUNITIES

¶9. (SBU) It is fairly apparent from conversations with members of government and other parties concerned about the energy sector that France has a headstart on tapping into the likely successful geothermal market. With such high export potential to the neighboring French islands, France's vested interest is clear. It is still early enough in the process, though, that no one player is guaranteed a corner on the geothermal market. Dominica looks ripe for American firms to

competitively bid on Dominica's geothermal potential, and the government has said it would welcome any investment interest.

A small handful of investors, including French and Canadian businesses, have already begun lobbying with the GOCD. Post stands ready to assist potential US investors to get the necessary access to pursue potential commercially viable projects. At the same time, we would welcome input from USTDA regarding the possibility of funding a feasibility study for a possible wind farm test project. Initiative in this sector could successfully spillover into more potentially lucrative geothermal sector, and could create and bring attention to openings for US energy companies and/or equipment suppliers in this emerging market.

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